

April 2, 2025

Dear Chief Fiduciary Officer:

Tesla is one of the largest capitalization stocks in the world and is likely a significant holding in the portfolios you are responsible for. In the last three months, Tesla's stock has lost 36 percent of its value, and first quarter sales reported today are down 13 percent from the first quarter of 2024, below analysts' worst expectations. In the last 24 hours, Wells Fargo has set a price target for Tesla of \$130, half its current value.

In late February, I [wrote](#) on behalf of the AFT to six of America's largest money managers (BlackRock, Vanguard, State Street, Fidelity, T. Rowe Price and TIAA) regarding the risks associated with holding Tesla stock. I asked these firms—each of which manages billions of dollars of AFT members' retirement assets—specifically to explain the steps they were taking to protect our members against the risk of losses in a company that, at the time, had a market capitalization of close to \$1 trillion and had been described recently by JPMorgan Chase as being “detached from economic reality.” To date, I have not received a response from any of them. I am writing to you, a public official with significant financial responsibilities, to inform you of this situation and ask, if you share my concern regarding the risks associated with Tesla, that you make a similar inquiry to the money managers that manage public equity for your state and its workers' retirement funds.

Some further reasons for concern include early Tesla investor Ross Gerber's recent call for Elon Musk to resign as CEO, stating that Musk's lack of attention to the electric vehicle company he heads threatens the company; the New York City comptroller's announcement that the city is considering filing a lawsuit against Tesla for securities fraud; and widespread calls for equity divestment and product boycotts within communities of investors and consumers previously supportive of Tesla.¹

¹ Eleanor Pringle, “Tesla Longtime Investor Says It's Time Elon Musk Found a ‘Suitable CEO’ for the Job,” *Fortune*, March 20, 2025, <https://fortune.com/2025/03/20/ross-gerber-elon-musk-ceo-tesla-step-down-share-price/>.

² Matt Ott, “In Latest Blow to Tesla, Regulators Recall Nearly All Cybertrucks,” *Associated Press*, March 20, 2025, <https://apnews.com/article/cybertruck-recall-tesla-elon-musk-nhtsa-8c517e21aa1119d74b9db39f6aca01b7>.

There have also been disturbing events in Tesla's core competency of manufacturing. On March 20, U.S. safety regulators issued the eighth recall of Tesla's Cybertruck, citing defective side panels on nearly all 46,000 trucks on the road.² That same day, CNBC reported that "data from Edmunds ... said that March represented 'the highest ever share' it had seen for Tesla trade-ins toward new or used cars from dealerships selling other brands."

Consequently, Tesla's sales numbers for Q1 2025 are shaping up to be abysmal, with multiple major markets reporting declines north of 40 percent. These declines seem in part to be driven by Musk spending his time pursuing political activities, some of which appear to be in conflict with Tesla's brand and business interests, rather than managing Tesla.³

Finally, several reports by reputable news outlets have asserted that there is a risk Musk may be forced to sell as much as one-third of the 13 percent of Tesla common stock he holds, should the stock price fall below an undisclosed level, as a result of his having pledged his Tesla stock as collateral for loans.¹

The AFT has examined Tesla's public disclosures in relation to this matter, which show that, as of 2024, Musk has pledged more than 230 million shares (at current prices, worth about \$50 billion) as collateral for unspecified loans. However, there is no disclosure as to the amount of the loans, the terms of the loans, or at what stock price Musk would face a margin call. Tesla's board policies limit the maximum aggregate value of loans collateralized by pledged shares to the lesser of \$3.5 billion or 25 percent of share value. It appears Musk has put up over \$50 billion in excess collateral against minimal borrowings, or he would appear to be in violation of that board policy. The information regarding Musk's borrowing on margin seems clearly inadequate, since a forced sale of as much as 6 percent of Tesla's equity could be a catastrophic event from the perspective of Tesla's public investors.

In conclusion, I am writing to you to ask that, if you share my concerns, you consider: (1) communicating with the money managers that manage Tesla stock on behalf of your state and its retirement funds to ask them what steps they are taking to safeguard retirement assets, including what to do about investments in Tesla, and (2) joining me in asking Tesla to

³ Hugh Cameron, "Could Elon Musk Face Margin Call Over Tesla Stock? What We Know," *Newsweek*, March 19, 2025, <https://www.newsweek.com/elon-musk-facing-margin-call-tesla-stock-2047059>.

³ Alessandro Parodi, "Tesla Car Sales in Key European Markets Drop Again in March," *Reuters*, April 1, 2025, <https://www.msn.com/en-gb/money/general/tesla-car-sales-in-key-european-markets-drop-again-in-march/ar-AA1C4k09>.

Chief Fiduciary Officer/Page 3

disclose the amount and terms of any loans outstanding where Musk's holdings in Tesla securities are collateral for those loans.

Please do not hesitate to contact my office if the AFT can be of any assistance to you in your work to safeguard the public in your state.

Sincerely,

A handwritten signature in black ink, appearing to read "Randi Weingarten". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Randi Weingarten
AFT President

RW : dlk

Enclosure: [AFT letter asset managers Feb 27, 2025](#)
